

Message Text

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DRAFTED BY: OED/EID/BC AND OV/DSGILPATRICK

APPROVED BY: EB/OCA/REP:GPWILSON

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FM SECSTATE WASHDC

TO AMEMBASSY ABU DHABI

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E.O. 11652: NA

TAGS: BBAK: TC

SUBJECT: BUILDING BLOCK INVESTMENT GROUP AND BBMI

REF: USDOC 10408; ABU DHABI 839 AND 1120

1. WHILE FULLY APPRECIATING POST'S REASONS FOR WANTING PROMPT RECEIPT OF ADDITIONAL INFORMATION ON SUBJECT FIRMS, BIC FINDS NO DATA IN LENGTHY 1973 AND 74 CREDIT AGENCY REPORTS TO ESTABLISH BIDDER'S RELIABILITY AND SOLVENCY IN UNDERTAKING 20-MILLION CONTRACT COMMITMENT.

2. BBIG ESTABLISHED 1969 AS LIMITED PARTNERSHIP AND ATTRACTED 214 PARTNERS BY END OF 1973 WITH EACH INVESTING DOLS 10,000. BBMI AS 1969 GENERAL PARTNER IN BBIG MADE INVESTMENTS OF INTANGIBLES INCLUDING PATENTS AND TRADE SECRETS VALUED AT DOLS 850,000 IN 1968, AND PROVIDED OFFICERS WHO NOW MANAGE BBIG EXCLUSIVELY. LATTER FIRM REPORTS LOSSES EXCEEDING TWO MILLION IN FIRST THREE YEARS, OF WHICH HALF SUSTAINED BY GENERAL PARTNER, AND THAT ONLY 27 CONCRETE UNITS WERE CONSTRUCTED DURING THAT ENTIRE PERIOD.

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3. SUPPLEMENTAL (OCTOBER) 1973 STATEMENT BY HANSON SR., PRESIDENT AND CHIEF EXECUTIVE BBIG, STATES DISKIN JUDGEMENT FULLY SETTLED FOR DOLS 20,000 CASH. HOWEVER, IN MOST RECENT REPORT (JANUARY 1974) SAME OFFICER STATED THAT PLANT FOR BUILDING MODULES, WHICH WAS DUE FOR COMPLETION IN APRIL 1973, QUOTE MAY START UNQUOTE SPRING 1974 AND THAT ON DATE OF INTERVIEW THERE WAS NO WORK ON HAND OR IN PROGRESS. LATTER INFORMATION SUGGESTS THAT ABU DHABI CONTRACT BID WAS EFFORT TO ESTABLISH RATHER THAN CONTINUE OPERATIONS ON PROFITABLE BASIS.

4. CREDIT REPORTS SUMMARIZED ARE BEING POUCHED FOR POST REVIEW. COMMERCE PREPARED INITIATE MORE THOROUGH INVESTIGATION OF SUBJECT FIRMS IF REQUESTED, AND IF FULL DETAILS OF BOTH BID CONDITIONS AND BBIG OFFER ARE SUBMITTED. WE HOPE PROVISION LATTER INFORMATION CAN BE MADE CONDITION FOR ACCEPTING FUTURE REQUESTS THIS SORT FROM GOVERNMENT MINISTRIES AND OFFICIALS. KISSINGER

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